

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	WC Docket No. 12-233
Investigation of Certain 2012 Annual)	
Access Tariffs)	WCB/Pricing No. 12-09
)	
)	
)	

Direct Case Filing of

Smithville Communications, Inc.

Smithville Communications, Inc. Tariff F.C.C. No.1

September 27, 2012

I. INTRODUCTION

On August 31, 2012, the Federal Communications Commission (FCC), released an Order designating issues for investigation related to certain 2012 annual access tariffs.¹ In the *Investigation Order*, the FCC requires companies, whose tariff filings made on or around June 18, 2012 and which were and continued to be suspended by operation of FCC Order², to file Direct Cases in support of the issues listed in the Order. Smithville Communications, Inc. (Smithville) filed tariff revisions on June 18, 2012 in compliance with previous FCC Orders³ which is currently under suspension pending further investigation.

By this submission, Smithville provides a Direct Case in support of certain issues raised in the *Investigation Order*.

II. DETERMINATION OF BASE PERIOD REVENUE

The first issue designated for investigation relates to whether Smithville reasonably determined the amount of Base Period revenue to be used as the starting point for calculating Eligible Recovery.⁴ Specifically, the FCC requires:

“As part of its direct case, each LEC listed in Appendix A shall file a revised description and justification document that clearly and fully explains the procedures used to determine its Fiscal Year 2011 revenues that were received by March 31, 2012.”⁵

Attached hereto as Exhibit A is a revised description and justification document with the required disclosures for Smithville.

III. CALCULATION OF REQUIRED INTRASTATE RATE REDUCTIONS

The second issue designated for investigation relates to whether Smithville reasonably calculated the reduction in intrastate rates required by section 51.909 of the Commission’s rules.⁶ Specifically,

“As part of its direct case, each carrier listed in Appendix A shall file the 2012 RoR ILEC Intrastate Rates Worksheet from its TRP with intrastate demand mapped to the interstate rate structure to calculate the revenue that would have been generated if the intrastate demand had been priced at interstate rates...The LEC shall then make the necessary revenue comparison

¹ In the Matter of Investigation of Certain 2012 Annual Access Tariffs, WC Docket No. 12-233, WCB/Pricing No. 12-09, *Order Designating Issues for Investigation* (rel. August 31, 2012) (*Investigation Order*)

² 2012 Annual Access Tariff Filings, WCB/Pricing No. 12-09, Order, DA 12-1037

³ See Smithville Tariff F.C.C. No. 1, Tariff Transmittals No. 3 and No. 4; Policy and Planning Division (PPD) Orders DA 12-482 (March 28, 2012) and DA 12-575 (April 19, 2012)

⁴ *Investigation Order* at 8

⁵ *Id.*, at 9

⁶ *Id.*, at 13

between this amount and the relevant intrastate revenues and, if the required intrastate rate reduction amount is different from the amount filed in its TRP, it shall refile its entire TRP to reflect the revised intrastate rate reduction amount.”⁷

Smithville’s original TRP worksheets (2012 RoR ILEC Intrastate Rates) showed the intrastate demand mapped to the interstate rate structure as instructed. Furthermore, the TRP worksheet for Smithville shows that the total intrastate demand priced at intrastate (TIAS) rates equals intrastate demand priced at interstate rates.⁸ As a result, and pursuant to section 51.909(b), Smithville is not required to reduce intrastate rates.

Attached hereto as Exhibit B is Smithville’s 2012 RoR ILEC Intrastate Rates worksheet.

IV. PROJECTED INTERSTATE AND INTRASTATE DEMAND

The third issue designated for investigation relates to whether Smithville properly projected interstate and intrastate demand for the period July 2012 through June 2013.⁹ The Investigation Order requires:

“...as part of its direct case, we direct each carrier listed in Appendix A to provide additional detail for certain cells on the TRP worksheets. Each carrier shall provide the amount of LSS reflected in cell F7 on the 2012 RoR ILEC Interstate Rates Worksheet, and each carrier shall provide the projected annual percentage rate of demand change reflected in the calculation of the amount in cell F10 on the 2012 RoR ILEC Interstate Rates Worksheet and in cell G9 on the 2012 RoR ILEC Intrastate Rates Worksheet.”¹⁰

The information required for Smithville is listed below.

LSS: \$158,813

Percentage rate of demand change – Interstate: -5%

Percentage rate of demand change – Intrastate: -7%

V. ACCESS RECOVERY CHARGES

The fourth issue designated for investigation relates to whether the Access Recovery Charges (ARC) tariffed by Smithville are just and reasonable.¹¹ Accordingly, “each LEC not participating in the NECA traffic-sensitive pool, as part of its direct case, to submit a table showing its filed ARC rates and

⁷ *Id.*, at 15

⁸ The total for Column I on the 2012 RoR ILEC Intrastate Rates worksheet is equal to the total for Column J, signifying that an intrastate rate reduction under the FCC’s transition plan is not required. Indiana Utility Regulatory Commission rules require state access rates to mirror interstate access rates therefore resulting in Column I being equal to Column J.

⁹ *Id.*, at 17

¹⁰ *Id.*, at 19 (footnotes omitted)

¹¹ *Id.*, at 28

the ARC rates supported by its direct case. Each LEC shall include a completed TRP showing the calculation of its ARC rates.”¹²

The information required is listed for Smithville below:

Rate Group	ARC – Tariffed	ARC – Direct Case
Residential/SLB	\$0.50	\$0.50
Multiline Business	\$1.00	\$1.00

The TRP supporting each ARC rate listed above is attached hereto as Exhibit C.

VI. CONCLUSION

The foregoing and attached Exhibits A through C constitutes the direct case filings for Smithville Communications, Inc. in compliance with the requirements contained in the Investigation Order. Smithville’s ARCs, Eligible Recovery, and ICC-related Connect America Funding were calculated correctly, and thus no tariff changes, refunds, or revisions are necessary.

Respectfully Submitted,

Smithville Communications, Inc.

September 27, 2012

¹² *Id.*, at 29

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EXHIBIT A

Revised Description and Justification

September 27, 2012

DESCRIPTION AND JUSTIFICATION

The filing made on June 18, 2012, to be effective July 3, 2012, introduces the Access Recovery Charge (ARC) for Smithville Communications, Inc. Tariff F.C.C. No. 1. The ARC is being introduced pursuant to 47 CFR §51.917(e).

This Tariff is issued pursuant to 47 CFR §61.39, and as such, an annual tariff filing is not required in 2012. However, pursuant to the Policy and Planning Division's (PPD) March 28, 2012 (DA 12-482) and April 19, 2012 (DA 12-575) Orders, this tariff filing introducing the ARC for residential, single line business, and multi-line business customers is being filed.

In addition to the revised tariff introducing the ARC, Smithville is providing the material in support of 2012 annual access tariff filing, pursuant to the PPD Orders listed above. This information includes the following Tariff Review Plan (TRP) schedules promulgated by the PPD:

Rate Ceiling-CAF
RoR-ILEC-ICC-data-5.30.12
Tariff-Rate-Comparison_CAF
RoRTRP12

The information contained in the above-listed schedules constitutes the data necessary to establish the ARC rates and the projected eligibility for CAF ICC funding during the upcoming funding period, as required by 47 CFR 54.304(d)(1) and pursuant to 47 CFR 51.917.

Since the carrier is a rate-of-return carrier subject to Part 61.39, and filed their own annual switched access tariff in 2011, the carrier believes that their 2011 Interstate Switched Access Revenue Requirement is correctly calculated pursuant to 47 CFR 51.917(b). The carrier furthermore believes that their 2011 Rate-of-Return Carrier Base Period Revenue is correctly calculated pursuant to 47 CFR 51.917(b)(7), further details for which are discussed below.

The carrier elected, pursuant to 47 CFR 51.917(f) to receive Connect America Fund (CAF) Intercarrier Compensation (ICC) recovery, and which was reflected in Smithville Transmittal Letter No.3.

The carrier, also via Transmittal No.3, provided the following required certifications:

- 47 CFR 51.917(f)(3) - A Rate-of-Return Carrier that elects to receive CAF ICC support must certify with its 2012 annual access tariff filing and on April 1st of each subsequent year that it has complied with paragraphs (d) and (e), and, after doing so, is eligible to receive the CAF ICC support requested pursuant to paragraph (f) of this section.

- 47 CFR 51.917(d)(vii) - A Rate-of-Return Carrier seeking revenue recovery must annually certify as part of its tariff filings to the Commission and to the relevant state commission that the carrier is not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism.

Statement of Compliance with 47 CFR 51.917(b)(7)

Smithville makes the following statements in regard to compliance with 47 CFR 51.917(b)(7)(ii) and (iii), which relate to the determination of fiscal year (FY) 2011 intrastate terminating switched access revenues and reciprocal compensation revenues, respectively. Smithville refers to the file "RoR-ILEC-ICC-data-5.30.12", on the tab labeled "2012 ILEC Intrastate Rates" and the tab labeled "2012 ILEC Recip. Comp. Rates."

Transitional Intrastate Access Service (TIAS). Smithville identified these services consistent with 47 CFR 51.903(j) by only including in FY 2011 TIAS revenues usage, rates, and total billings and collections specifically related to Terminating End Office Service (47 CFR 51.903(d)), Terminating Tandem Switched Transport Service (47 CFR 51.903(i)), and Originating and Terminating Dedicated Transport Service (47 CFR 51.903(c)). Smithville identified the relevant usage, rates, and total billing by utilizing existing billing and accounting procedures relating to the Carrier Access Billing System (CABS) process.

FY 2011 Revenues from TIAS. Smithville determined FY 2011 revenues from TIAS by an analysis of CABS statements for the year ended September 30, 2011. Utilizing the FY2011 CABS database, Smithville developed several data filters in order to extrapolate the demand and revenues by carrier, rate element and jurisdiction. Only those statements pertaining to usage, and by extension services provided, during FY 2011 were considered and included in the revenue calculation. The data query also separately identified revenues that pertained to Late Payments and or Partial Payments to ensure that these items were excluded. Finally, Non-Recurring Charges (NRCs) were queried and summarized by revenue type and jurisdiction and Smithville determined that there were no intrastate NRCs billed during FY 2011.

FY 2011 Revenues Collected by March 31, 2012. Smithville examined accounts receivable aging reports up to and including March 31, 2012 to determine whether amounts billed during FY 2011 and properly includable in TIAS revenues were collected by March 31, 2012. The accounts receivable aging report identifies all uncollected invoices by carrier, amount and by the specific month that it was originally billed by Smithville. By carefully examining the detailed monthly invoices in the receivables aging report, Smithville determined that there were no material instances of uncollectibles or amounts billed for services provided during FY 2011 not being collected by March 31, 2012.

FY 2011 Net Reciprocal Compensation Revenues. Smithville identified FY 2011 reciprocal compensation revenues and payments for services provided/received during FY 2011 by analyzing total reciprocal compensation billings. These billings are generated via a separate and distinct process as related to the CABS process discussed above. Smithville then examined accounts receivable aging reports up to and including March 31, 2012 to ensure only reciprocal compensation amounts billed were collected and paid by March 31, 2012 were included in FY 2011 baseline revenues. Smithville found no material instances of amounts billed for services provided or received during FY 2011 not being collected or paid by March 31, 2012.

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Exhibit B

"2012 RoR Intrastate Rates" worksheet

September 27, 2012

1	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
2	Filing Date: 6/18/2012																		
3	Filing Entity: Smithville Communications, Inc.																		
4	Transmittal Number: 3																		
5	COSA: 320818																		
6																			
7	Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements					Sum of Col. O	584,199												
8	95% of Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements					Sum of Col. P	554,989												
9	Total TY 2012-2013 Expected Maximum Transitional Intrastate Access Service Revenue					Sum of Col. R	543,305												
10	Total TY 2012-2013 Intrastate Eligible Recovery					Sum of Col. S	11,684												
11																			
12																			
13	Intrastate Tariff Section	Interstate Tariff Section	USOC	Intrastate and Interstate Switched Access Rate Elements for Transitional Intrastate Access Service Categories	Unit of Demand (e.g., MOU or DS1)	12/29/2011 Intrastate Rate	12/29/2011 Interstate Rate	FY 2011 Intrastate Units: Terminating for Non- Dedicated or Originating and Terminating for Dedicated Elements	Intrastate Price-Out with 12/29/2011 Rates and FY 2011 Units	Interstate Price-Out with 12/29/2011 Rates and FY 2011 Units	50% of Price-Out Difference	7/1/2012 Proposed Intrastate Rate	Intrastate Price-Out with Proposed Rates and FY 2011 Units	Intrastate Price-Out Difference	FY 2011 Actual Intrastate Revenue	95% of FY 2011 Actual Intrastate Revenue	TY 2012- 2013 Expected Intrastate Units	TY 2012- 2013 Expected Maximum Intrastate Revenue	TY 2012- 2013 Intrastate Eligible Recovery
14	Input	Input	Input	Input (Note 1)	Input	Input	Input	Input	F*H	G*H	.5*(I-J)	Input	L*H	I-M	Input	.95*O	Input	L*Q	P-R
15	** TERMINATING END OFFICE ACCESS SERVICE **																		
16	Terminating Carrier Common Line																		
17									0	0	0		0	0		0		0	0
18									0	0	0		0	0		0		0	0
19									0	0	0		0	0		0		0	0
20									0	0	0		0	0		0		0	0
21									0	0	0		0	0		0		0	0
22	Terminating Local Switching																		
23	17.2.3	17.2.3	17.2.3	Local Switching	MOU	0.007857	0.007857	16,333,958	128,336	128,336	0	0.007857	128,336	0	128,336	121,919	15,190,581	119,352	2,567
24									0	0	0		0	0		0		0	0
25									0	0	0		0	0		0		0	0
26									0	0	0		0	0		0		0	0
27									0	0	0		0	0		0		0	0
28	** INFORMATION **																		
29	17.2.3	17.2.3	17.2.3	Information Surcharge	MOU	0	0	0	0	0	0	0	0	0		0		0	0
30									0	0	0		0	0		0		0	0
31									0	0	0		0	0		0		0	0
32									0	0	0		0	0		0		0	0
33									0	0	0		0	0		0		0	0
34	** TANDEM-SWITCHED TRANSPORT AND TANDEM **																		
35																			
36	17.2.2	17.2.2	17.2.2	Tandem Switched Mileage	MOU Miles	0.000303	0.000303	314,811,980	95,388	95,388	0	0.000303	95,388	0	95,388	90,619	292,775,141	88,711	1,908
37	17.2.2	17.2.2	17.2.2	Tandem Switched Mileage Term	Terms	0.002054	0.002054	89,358,890	183,543	183,543	0	0.002054	183,543	0	183,543	174,366	83,103,768	170,695	3,671
38	17.2.2	17.2.2	17.2.2	Tandem Switching	MOU	0.018410	0.018410	9,131,669	168,114	168,114	0	0.018410	168,114	0	168,114	159,708	8,492,452	156,346	3,362
39									0	0	0		0	0		0		0	0
40	** SIGNALING FOR TANDEM SWITCHING **																		
41									0	0	0		0	0		0		0	0
42									0	0	0		0	0		0		0	0
43									0	0	0		0	0		0		0	0
44									0	0	0		0	0		0		0	0
45									0	0	0		0	0		0		0	0
46	** DIRECT-TRUNKED TRANSPORT **																		
47	17.2.2								0	0	0		0	0		0		0	0
48		17.2.2	17.2.2	Direct Trunk Facility - VG	VG	0.69	0.69		0	0	0	0.69	0	0	0	0		0	0
49		17.2.2	17.2.2	Direct Trunk Terms - VG	VG	6.94	6.94		0	0	0	6.94	0	0	0	0		0	0
50		17.2.2	17.2.2	Direct Trunk Facility - DS1	DS1	3.47	3.47	1,257	4,362	4,362	0	3.47	4,362	0	4,362	4,144	1,169	4,056	87
51		17.2.2	17.2.2	Direct Trunk Terms - DS1	DS1	18.04	18.04	247	4,456	4,456	0	18.04	4,456	0	4,456	4,233	230	4,144	89
52									0	0	0		0	0		0		0	0
53	Originating and Terminating Tandem-Switched Dedicated Transport																		
54									0	0	0		0	0		0		0	0
55									0	0	0		0	0		0		0	0
56									0	0	0		0	0		0		0	0
57									0	0	0		0	0		0		0	0
58									0	0	0		0	0		0		0	0
59									0	0	0		0	0		0		0	0
60	Originating and Terminating Direct-Trunked Transport																		
61									0	0	0		0	0		0		0	0
62									0	0	0		0	0		0		0	0
63									0	0	0		0	0		0		0	0
64									0	0	0		0	0		0		0	0
65									0	0	0		0	0		0		0	0
66																			
67	Total								584,199	584,199	0	584,199		0	584,199	554,989	543,305		11,684
68																			
69																			
70	Note 1: Enter one rate element per line under the relevant category. Insert rows as necessary.																		

WC Docket No. 12-233
WCB/Pricing No. 12-09

Smithville Communications, Inc.
Direct Case Filing

EXHIBIT C

Completed TRP showing the calculation of ARC rates (Tariff Rate Comparison CAF file)

September 27, 2012

Filing Date (enter w/leading '):
Holding Company:
Filing Name:

6/18/2012
Smithville Communications, Inc.
Smithville Telephone Company

ARCCTRP-CAF-1

Study Area	EXCHANGES	Rate Ceiling Component Charges Calculation (51.915(b)(11))										MULTI-LINE BUSINESS		
		RESIDENCE / NP / BRI / SLB (excluding Lifeline)										nonCentrex	Centrex	Federal
		Res / NP / BRI	SLB	Mandatory							Total Rate	Tariff Period	Tariff Period	Federal
		Tariff Period	Tariff Period	Stand-alone	Mandatory	Zone	State		State	Federal	Ceiling	Projected Lines	Projected Lines	SLC-MLB
		<u>Projected Lines</u>	<u>Projected Lines</u>	<u>R1 rate</u>	<u>EAS</u>	<u>Charges</u>	<u>SLC</u>	<u>E911</u>	<u>TRS</u>	<u>USF</u>	<u>SLC</u>	<u>Comp. Chgs</u>		
320818 876/935/Ellettsville		5,306	491	\$ 12.60			\$ 4.55	\$0.48	\$0.03		\$6.50	\$24.16	560	\$ 9.20
320818 936/French Lick		1,967	239	\$ 12.60			\$ 4.55	\$2.85	\$0.03		\$6.50	\$26.53	278	\$ 9.20
320818 879/Gosport		664	68	\$ 12.60			\$ 4.55	\$2.02	\$0.03		\$6.50	\$25.70	44	\$ 9.20
320818 851/Griffin		150	16	\$ 12.60			\$ 4.55	\$1.85	\$0.03		\$6.50	\$25.53	15	\$ 9.20
320818 383/Hymera		264	20	\$ 12.60			\$ 4.55	\$1.50	\$0.03		\$6.50	\$25.18	10	\$ 9.20
320818 837/Lake Monroe		325	11	\$ 12.60			\$ 4.55	\$0.48	\$0.03		\$6.50	\$24.16	28	\$ 9.20
320818 994/Lizton		416	54	\$ 12.60			\$ 4.55	\$2.06	\$0.03		\$6.50	\$25.74	46	\$ 9.20
320818 659/Lyons		614	107	\$ 12.60			\$ 4.55	\$1.68	\$0.03		\$6.50	\$25.36	135	\$ 9.20
320818 863/Owensburg		761	58	\$ 12.60			\$ 4.55	\$1.68	\$0.03		\$6.50	\$25.36	123	\$ 9.20
320818 963/Sharpsville		943	70	\$ 12.60			\$ 4.55	\$2.07	\$0.03		\$6.50	\$25.75	61	\$ 9.20
320818 824/Smithville		3,387	287	\$ 12.60			\$ 4.55	\$1.40	\$0.03		\$6.50	\$25.08	310	\$ 9.20
320818 825/Stanford		3,151	216	\$ 12.60			\$ 4.55	\$1.68	\$0.03		\$6.50	\$25.36	193	\$ 9.20

Filing Date (enter w/leading '): 6/18/2012
Holding Company: Smithville Communications, Inc.
Filing Name: Smithville Telephone Company

ARCCTRTP-CAF-2

Eligible Revenue - Current Yr Recovery	\$	459,772	Eligible Revenue - Current Yr Recovery	\$	459,772
Maximum Imputed ARC Revenue	\$	139,146	Tariffed ARC Revenue + Expected CAF ICC Support	\$	390,199
Tariffed ARC Revenue	\$	69,573			
Expected CAF ICC Support	\$	320,626			

Residential Rate Ceiling: (51.915(b)(12))	\$	30.00
Maximum MLB SLC+ARC (51.915(e)(5)(iv))	\$	12.20
Max ARC for current year: Res/SLB	\$	0.50
Max ARC for current year: MLB	\$	1.00

Totals	8,974	819	\$	58,755	902	-	\$	10,818
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Exchange/RG

RESIDENCE / NP / BRI / SLB (excluding Lifeline)								MULTI-LINE BUSINESS						
Res/NP/BRI	SLB	Residential	RES/NP/BRI Current Year		SLB	ARC Revenue		NonCentrex	Centrex	MLB	MLB Curr. Yr.	NonCentrex	Centrex	ARC Revenue
Tariff Period	Tariff Period	Total Rate	Maximum	Tariffed	Tariffed	at Tariffed		Tariff Period	Tariff Period	Federal	Maximum	Tariffed	Tariffed	at Tariffed
Projected Lines	Projected Lines	Ceiling Chgs	ARC Rate	ARC Rate	ARC Rate	Rate		Projected Lines	Projected Lines	SLC	ARC Rate	ARC Rate	ARC Rate	Rate
ELLETTSVILLE	5,306	491 \$	24.16 \$	0.50 \$	0.50 \$	0.50 \$	34,782	560		\$	9.20 \$	1.00 \$	1.00 \$	6,720
FRENCH LICK	1,967	239 \$	26.53 \$	0.50 \$	0.50 \$	0.50 \$	13,236	278		\$	9.20 \$	1.00 \$	1.00 \$	3,336
GOSPORT	664	68 \$	25.70 \$	0.50 \$	0.50 \$	0.50 \$	4,392	44		\$	9.20 \$	1.00 \$	1.00 \$	528
GRIFFIN	150	16 \$	25.53 \$	0.50 \$	0.50 \$	0.50 \$	996	15		\$	9.20 \$	1.00 \$	1.00 \$	180
HYMERA	264	20 \$	25.18 \$	0.50 \$	0.50 \$	0.50 \$	1,704	10		\$	9.20 \$	1.00 \$	1.00 \$	120
LAKE MONROE	325	11 \$	24.16 \$	0.50 \$	0.50 \$	0.50 \$	2,016	28		\$	9.20 \$	1.00 \$	1.00 \$	336
LIZTON	416	54 \$	25.74 \$	0.50 \$	0.50 \$	0.50 \$	2,820	46		\$	9.20 \$	1.00 \$	1.00 \$	552
LYONS	614	107 \$	25.36 \$	0.50 \$	0.50 \$	0.50 \$	4,326	135		\$	9.20 \$	1.00 \$	1.00 \$	1,620
OWENSBURG	761	58 \$	25.36 \$	0.50 \$	0.50 \$	0.50 \$	4,914	123		\$	9.20 \$	1.00 \$	1.00 \$	1,476
SHARPSVILLE	943	70 \$	25.75 \$	0.50 \$	0.50 \$	0.50 \$	6,078	61		\$	9.20 \$	1.00 \$	1.00 \$	732
SMITHVILLE	3,387	287 \$	25.08 \$	0.50 \$	0.50 \$	0.50 \$	22,044	310		\$	9.20 \$	1.00 \$	1.00 \$	3,720
STANFORD	3,151	216 \$	25.36 \$	0.50 \$	0.50 \$	0.50 \$	20,202	193		\$	9.20 \$	1.00 \$	1.00 \$	2,316